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*****II**

RECOMMENDATION FOR SECOND READING

on the common position adopted by the Council with a view to the adoption of
a regulation of the European Parliament and of the Council on cross-border
payments in euro
(14562/2001 – C5–0639/2001– 2001/0174(COD))

Committee on Economic and Monetary Affairs

Rapporteur: Karla M.H. Peijs

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position
- *** Assent procedure
majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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PROCEDURAL PAGE

At the sitting of 15 November 2001 Parliament adopted its position at first reading on the proposal for a European Parliament and Council regulation on cross-border payments in euro (COM(2001) 439 - 2001/0174 (COD)).

At the sitting of 10 December 2001 the President of Parliament announced that the common position had been received and referred to the Committee on Economic and Monetary Affairs (14562/2001- C5-0639/2001).

The committee had appointed Karla M.H. Peijs rapporteur at its meeting of 11 September 2001.

It considered the common position and draft recommendation for second reading at its meeting of 10 December 2001.

At the latter it adopted the draft legislative resolution unanimously.

The following were present for the vote: José Manuel García-Margallo y Marfil, acting chairman; Philippe A.R. Herzog, vice-chairman; Karla M.H. Peijs (for Marianne L.P. Thyssen), rapporteur; Luis Berenguer Fuster, Hans Udo Bullmann, Harald Ettl (for Fernando Pérez Royo), Carles-Alfred Gasòliba i Böhm, Lisbeth Grönfeldt Bergman, Brice Hortefeux, Christopher Huhne, Othmar Karas, Werner Langen (for Christoph Werner Konrad), Astrid Lulling, Jules Maaten (for Karin Riis-Jørgensen), Ioannis Marinos, Bernhard Rapkay, Olle Schmidt, Peter William Skinner, Helena Torres Marques, Bruno Trentin, Ieke van den Burg (for Pervenche Berès), Karl von Wogau.

The recommendation for second reading was tabled on 11 December 2001.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

DRAFT LEGISLATIVE RESOLUTION

European Parliament legislative resolution on the Council common position for adopting a European Parliament and Council regulation on cross-border payments in euro (14562/2001 – C5–0639/2001 – 2001/0174(COD))

(Codecision procedure: second reading)

The European Parliament,

- having regard to the Council common position (14562/2001 – C5-0639/2001),
 - having regard to its position at first reading¹ on the Commission proposal to Parliament and the Council (COM(2001) 439²),
 - having regard to Article 251(2) of the EC Treaty,
 - having regard to Rule 78 of its Rules of Procedure,
 - having regard to the recommendation for second reading of the Committee on Economic and Monetary Affairs (A5-0453/2001),
1. Approves the common position;
 2. Notes that the act is adopted in accordance with the common position;
 3. Instructs its President to sign the act with the President of the Council pursuant to Article 254(1) of the EC Treaty;
 4. Instructs its Secretary-General duly to sign the act and, in agreement with the Secretary-General of the Council, to have it published in the Official Journal of the European Communities;
 5. Instructs its President to forward its position to the Council and Commission.

¹ Adopted text of 15.11.2001, item 10.

² OJ C270 E, 25.09.2001, p. 270-272.

EXPLANATORY STATEMENT

1. Analysis of the common position

The European Parliament adopted the proposed regulation at first reading on 15 November 2001 by an overwhelming majority (421 to 14 with 35 abstentions). The momentum of this vote carried the proposal forward in the Council, with the result that at the Internal Market Council of 26 November, ministers reached a political agreement on a common position.

The Council common position reflects the wording and the spirit of nearly all the amendments adopted by Parliament in first reading, in particular:

- an amendment to recital 1 emphasising that a Commission study completed on 20 September 2001 showed that the average cost of cross-border credit transfers has hardly changed since 1993;
- an amendment to recital 3 arguing that the principle of equal charges for cross-border and domestic payments will make the concept of a single payment area in the euro zone tangible;
- an amendment (recital 4) stating that there have been no significant results in terms of reducing the cost of cross-border payments;
- an amendment (recital 10) clarifying that the regulation does not affect the possibility for institutions to offer all-inclusive fees, provided that these do not discriminate between cross-border and domestic payments;
- an amendment (recital 13) calling on Member States to ensure adequate and effective redress procedures;
- an amendment to article 3, paragraph 2 deleting cheques so that the principle of equal charges does not apply to cheques, only the principle of transparency;
- an amendment to article 5 clarifying that institutions need only provide the IBAN and BIC codes 'where applicable', and that if the customer does not communicate the IBAN and BIC codes, additional charges may be levied by the institution, provided that the customer is provided with full information;
- an amendment inserting a new article 7 to ensure that effective, proportionate and deterrent penalties ensure compliance with the regulation; and
- a review clause inserted in article 8, calling on the Commission to review the application of the regulation, accompanied, where appropriate, by proposals for amendments.

In addition to the above amendments adopted at the instigation of Parliament, the Council made a limited number of additional modifications, notably:

- extending the deadline for the equal charges principle to 1 July 2002 for electronic payments and 1 July 2003 for cross-border credit transfers, whereas Parliament had called for deadlines of 1 March 2002 and 1 March 2003 respectively;
- limiting the equal charges principle to payments up to EUR 12,500 initially, with this being raised to EUR 50,000 in 2006, whereas Parliament had called for the EUR 50,000 threshold to apply in one step;
- including the possibility of raising the statistics reporting threshold to EUR 50,000 on 1 January 2006 in the review clause, as well as the impact of the application of the

Regulation on charges levied for payments within a Member State. The Commission review should also take account of changes in cross-border infrastructures and the advisability of improving consumer services by strengthening competition in the provision of cross-border payment services;

- inserting in article 9 a clause allowing Member States which are not members of the monetary union to also apply the regulation to their currencies.

2. Recommendation for second reading

In light of the above, your rapporteur strongly recommends that Parliament should approve the regulation without amendment in second reading. The main concerns of Parliament are fully reflected in the Council's common position, and the modifications to the deadlines introduced by Council do not exceed those proposed by Parliament excessively. The possibility for countries such as Sweden, Denmark and the UK to opt-in to the regulation with respect to their currencies is a welcome development.

The key factor is that when European citizens go on holiday next summer, they will be able to make payments by card and withdraw cash from automated teller machines for the same charge as they would at home. One year later, the excessive charges for cross-border credit transfers will finally be brought to an end, more than 12 years after Parliament first demanded action in this area. Let us make the euro a tangible reality, bringing benefits to all our citizens, by adopting this regulation, and thereby sending the strongest possible signal to our voters on the eve of the introduction of euro notes and coins.